

# **MINUTES**

## **North Dakota Public Employees Retirement System**

**Bank of North Dakota, Bismarck**

**Thursday, January 26, 2017**

**8:30 A.M.**

Members Present: Senator Dick Dever  
Ms. Casey Goodhouse  
Mr. Mike Sandal  
Mr. Troy Seibel  
Ms. Yvonne Smith  
Ms. Kim Wassim  
Ms. Arvy Smith

Via Conference Call: Representative Pamela Anderson  
Thomas Rey, CliftonLarsonAllen  
Jason Ostroski, CliftonLarsonAllen  
Jim Schaefer, Conduent

Member Absent: Mr. Jon Strinden

Others Present: Ms. Jan Lund, NDPERS  
Ms. Kim Humann, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Ms. Kathy Allen, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Mr. Derrick Hohbein, NDPERS  
Ms. Rebecca Fricke, NDPERS  
Ms. Aime Miller, NDPERS  
Ms. Jami Kinsella, NDPERS  
Ms. Julie McCabe, NDPERS  
Ms. Mary Jo Steffes, NDPERS  
Ms. Marcy Aldinger, NDPERS  
Ms. Jan Murtha, Attorney General's Office  
Mr. Mike Klepatz, Sanford Health Plan  
Mr. Steve Webster, Sanford Health Plan  
Mr. Danny Weiss, Sanford Health Plan  
Mr. Kirk Zimmer, Sanford Health Plan  
Mr. Paul Nacario, ICMarc

In the absence of Chairman Strinden, Mr. Mike Sandal called the meeting to order at 8:35 a.m.

Mr. Sandal called for any questions or comments regarding the minutes of the November 17, 2016, Board meeting.

**MS. YVONNE SMITH MOVED APPROVAL OF THE NOVEMBER 17, 2016 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. ARVY SMITH AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.**

Mr. Sandal called for any questions or comments regarding the minutes of the December 15, 2016, Board meeting.

**MS. WASSIM MOVED APPROVAL OF THE DECEMBER 15, 2016 NDPERS BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. GOODHOUSE AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.**

Mr. Sandal called for any questions or comments regarding the minutes of the January 4, 2017, special Board meeting.

**MS. YVONNE SMITH MOVED APPROVAL OF THE JANUARY 4, 2017 NDPERS SPECIAL BOARD MEETING MINUTES. THE MOTION WAS SECONDED BY MS. WASSIM AND CARRIED BY VOICE VOTE. THE MINUTES WERE APPROVED.**

### **AUDIT REPORT**

Thomas Rey and Jason Ostroski from CliftonLarsonAllen provided an overview of the FY2016 agency audit report. Questions from the Board were answered.

**MS. WASSIM MOVED APPROVAL TO ADOPT THE FY2016 AUDIT REPORT AS PRESENTED BY CLIFTONLARSONALLEN. THE MOTION WAS SECONDED BY MS. ARVY SMITH.**

**Ayes:** Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Mr. Seibel and Ms. Wassim.

**Nays:** None

**Absent:** Chairman Strinden, Representative Anderson, and Senator Dever.

**MOTION PASSED**

### **GROUP INSURANCE**

#### **Ancillary Programs**

Mr. Reinhardt provided information regarding the About the Patient program, National Diabetes program and the About the Patient Hypertension programs. Action was delayed and moved to the February agenda. The consensus of the Board was for staff to work on a cost analysis between programs and report back at the February/March meeting.

**Member Rebate Accounts**

Item tabled until later on the agenda.

**Wellness Benefit Update**

Ms. Allen provided an update on the status of the suspension of the Wellness Benefit program due to an IRS ruling and outlined options to reinstate and continue the benefit program. Discussion followed.

**MS. SMITH MOVED APPROVAL FOR NDPERS STAFF TO CONTINUE TO DEVELOP THE EMPLOYER OPTIONS TO RESTART THE INCENTIVE. THE MOTION WAS SECONDED BY MR. SEIBEL.**

**Ayes:** Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Mr. Seibel and Ms. Wassim.

**Nays:** None

**Absent:** Chairman Strinden, Representative Anderson, and Senator Dever.

**MOTION PASSED**

**Vision RFP**

Mr. Reinhardt and Jim Schaefer, Buck Consultants/Conduent, presented an overview of the Vision Plan RFP. Discussion followed.

**MS. WASSIM MOVED APPROVAL FOR REMOVING INDEMNITY PROVISION AND ADOPTION OF THE RFP AS AMENDED. THE MOTION WAS SECONDED BY MS. GOODHOUSE.**

**Ayes:** Representative Anderson, Senator Dever, Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Mr. Seibel and Ms. Wassim.

**Nays:** None

**Absent:** Chairman Strinden

**MOTION PASSED**

**Life RFP**

Mr. Reinhardt and Jim Schaefer, Buck Consultants/Conduent, presented a status update on responses, and a timeline review for the Life Plan RFP.

**Member Rebate Accounts**

Mr. Danny Weiss, Sanford Health Plan presented information regarding modeling options for the member prescription medication rebate program. Discussion followed. By general consensus the Board directed staff to further explore options for the program and report back in February.

Mr. Kirk Zimmer, Executive Vice President Sanford Health Plan, updated the Board on recent personnel changes at Sanford.

## **RETIREMENT**

### **Actuarial Tables**

Ms. Schiermeister updated the Board with a high level implementation plan/ timetable for new actuarial tables. Additional information and guidance was provided by the attorney. Discussion followed. No Board action was taken, by general consensus the Board approved to proceed as outlined in the memo.

### **Pension Deductions**

Pension Deduction agenda item was moved to the February agenda.

### **ASI Flex Renewal**

Ms. Allen provided an overview and option for a 2-year renewal of the current ASI Flex program. Discussion followed.

**REPRESENTATIVE ANDERSON MOVED APPROVAL FOR A TWO YEAR RENEWAL CONTRACT OF THE ASI FLEX PROGRAM. THE MOTION WAS SECONDED BY MS. YVONNE SMITH.**

**Ayes:** Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Mr. Seibel, Ms. Wassim, Representative Anderson, and Senator Dever.

**Nays:** None

**Absent:** Chairman Strinden

**MOTION PASSED**

## **FLEX COMP**

### **Medical Spending Annual Limit**

Ms. Allen presented an update regarding the FlexComp Medical Spending Annual Limit and discussed challenges with the lag time between receiving notification from IRS of changes in limits and annual open enrollment.

**MS. WASSIM MOVED APPROVAL FOR STAFF TO DRAFT POLICY TO ADOPT A LAG PROCEDURE AND TO GIVE STAFF THE ABILITY TO IMPLEMENT CHANGES. THE MOTION WAS SECONDED BY SENATOR DEVER.**

**Ayes:** Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Mr. Seibel, Ms. Wassim, Representative Anderson, and Senator Dever

**Nays:** None

**Absent:** Chairman Strinden

**MOTION PASSED**

**DEFERRED COMPENSATION**

Moved to later on the agenda.

**MISCELLANEOUS**

**State Investment Board Committees**

Mr. Collins brought to the attention of the Board that the standing committee positions held by Mr. Tom Trenbeath on the PERS Board and on the State Investment Board and the PERS Investment Committee need to be considered for reassignment due to the resignation of Mr. Trenbeath.

**MS. ARVY SMITH MOVED APPROVAL FOR MR. TROY SEIBEL TO REPLACE MR. TOM TRENBEATH ON THE NDPERS BOARD INVESTMENT COMMITTEE, ELECTION COMMITTEE AND THE ND STATE INVESTMENT BOARD. THE MOTION WAS SECONDED BY MS. WASSIM.**

**Ayes:** Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Mr. Seibel, Ms. Wassim, Representative Anderson and Senator Dever

**Nays:** None

**Absent:** Chairman Strinden

**MOTION PASSED**

**DEFERRED COMPENSATION**

Mr. Reinhardt provided information regarding the 401(a) and 457 Deferred Compensation Plan RFP. Discussion followed.

**MISCELLANEOUS (CONTINUED)**

**Annual Enrollment**

Ms. Allen provided an overview of 2016 Annual Enrollment data. She also indicated that ADP will be in attendance at the February board meeting to provide more in-depth information regarding this data. Discussion followed.

**Quarterly Consultant Fees**

Mr. Hohbein presented the December 31, 2016 report of investment fees incurred.

**Audit Committee Minutes**

Ms. Kinsella presented a copy of the Audit Committee Minutes from August 31, 2016.

**2016 CAFR**

Mr. Hohbein informed the Board that the report is available for review and noted that the CAFR report was done in-house this year.

**Retiree Meeting Minutes**

Mr. Reinhardt provided minutes from the NDPERS Retiree Subcommittee meeting held on January 10, 2017.

**Legislative Update**

Mr. Collins provided a status report of House Bills 1406 and 1407, pharmacy bill, technical, telehealth and appropriations. Discussion followed.

**MEMBER**

**Retirement Benefits Case #367**

Ms. Allen indicated that the member was present at the meeting concerning an appeal related to removal of purchased service credit from the member's service record. Also present was Ms. Mary Kay Kelsch, Office of the Attorney General.

Mr. Collins indicated that the Board may need to go into Executive Session.

**MS. WASSIM MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. § 44-04-19.2(1) AND /OR § 54-52-26 TO DISCUSS CONFIDENTIAL RECORDS OR CONFIDENTIAL MEMBER INFORMATION. THE MOTION WAS SECONDED BY MS. ARVY SMITH.**

**Ayes:** Representative Anderson, Senator Dever, Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Mr. Seibel and Ms. Wassim.

**Nays:** None

**Absent:** Chairman Strinden

**MOTION PASSED**

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 11:15 a.m.

The Board returned to open session at 12:00 p.m.

**MS. WASSIM MOVED THAT THE BOARD DENY APPEAL CASE #367. THE MOTION WAS SECONDED BY MS. ARVY SMITH.**

**Ayes:** Representative Anderson, Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Mr. Seibel and Ms. Wassim.

**Nays:** None

**Absent:** Chairman Strinden, Senator Dever

**MOTION PASSED**

Mr. Collins indicated that the Board may need to return to Executive Session.

**MS. WASSIM MOVED THAT THE BOARD ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. § 44-04-19.1(2) AND § 44-04-19.2 AND § 54-52-26 FOR ATTORNEY CONSULTATION RELATED TO THE COLLECTION OF AN OVERPAYMENT OF RETIREMENT BENEFITS AND TO DISCUSS CONFIDENTIAL MEMBER INFORMATION. THE MOTION WAS SECONDED BY MS. ARVY SMITH.**

**Ayes:** Representative Anderson, Ms. Goodhouse, Mr. Sandal, Ms. Arvy Smith, Ms. Yvonne Smith, Mr. Seibel and Ms. Wassim.

**Nays:** None

**Absent:** Chairman Strinden, Senator Dever

### **MOTION PASSED**

All members named above were in attendance for the Executive Session (closed meeting, electronically recorded) which began at 12:00p.m.

#### **Retirement Benefit Overpayment/Collection Matter Case #396**

Ms. Allen provided an overview of a timeline of events related to Case #396. Board action is requested regarding the next course of action. Doug Anderson, Office of the Attorney General attending by phone. Discussion followed.

The Board returned to open session at 12:35 p.m.

**BY GENERAL CONSENSUS THE BOARD ADVISED THE ATTORNEY ON HOW TO PROCEED WITH CASE #396.**

Mr. Sandal called for any other business or comments. Hearing none, the meeting adjourned at 12:40 p.m.

Prepared by,

Jan Lund  
Assistant to the Board